

Chapter 25

Sales and Revenues

25-1. General

Revenue is income from the sale of goods and services, interest and penalties, dividends earned, and trust fund receipts. For activities authorized to generate income as a normal part of their activities, revenue is the income resulting from completing customer orders. Revenues are the collections or earnings for goods and services provided for reimbursable orders.

a. For appropriations other than Defense Business Operations Fund (DBOF), recognize the revenue under a long-term order in the period in which the goods or services are delivered or constructively delivered to the purchaser. Constructive delivery occurs when the seller meets the obligations of the long-term order.

b. For DBOF-Depot Maintenance Army (DBOF-DMA) activities, recognize revenue on the percentage of completion method for end-product type orders.

c. For DBOF-Supply Management Army (DBOF-SMA) activities, recognize revenue based on gross sales.

25-2. Professional requirements

To ensure proper recording and control of sales and revenues, accountants will be familiar with:

a. The types of activities authorized to generate income as a normal part of their operations.

b. The accounting principles and regulations concerning when sales and revenues are recognized in the entity's accounts.

c. Procedures for disposal of excess and surplus property, and its accounting treatment.

d. Agricultural and grazing leases, production and sale of forest products, and fish and wildlife conservation programs.

25-3. Responsibilities

a. Activities involved in cash or charge sales of services or products will transmit original documents to the FAO/DAO for recording in the installation accounts. This includes sales slips, shipping documents, and other sales and billing data.

b. Communications offices will provide the FAO/DAO with a listing of charges to subscribers, along with information necessary for properly billing customers.

c. Medical Service Account Officers (MSAO) will bill and collect for medical, dental, and veterinarian services. They will provide data to the FAO/DAO to update the appropriate accounts.

d. Accountants will ensure--

(1) All documents provided are submitted by controlled transmittal letters (TL).

(2) Sales and revenues are posted to the accounting records in the proper accounting period.

(3) Appropriate general ledger accounts are posted and reconciled as prescribed in Chapter 4.

25-4. Documentation and reporting of sales

a. Activities will transmit DA Form 1854-R (Daily Transfer Summary) with the original sales slips to the FAO/DAO, in duplicate on the first workday following the date of the transaction. Reproduce DA Form 1854-R on 8 1/2 x 11-inch paper. A copy for reproduction purposes is located at the back of this regulation.

b. Activities will show separate accounting classifications and amounts for each appropriation or fund being reimbursed or receiving a refund. The FAO/DAO will verify the accounting classifications and accounts. The FAO/DAO will then acknowledge receipt by returning the signed and dated duplicate copy of the DA Form 1854-R to the initiating officer.

25-5. Charge sales to military, civilians, and organizations

Document charge sales to authorized military and civilian personnel and organizations on the form prescribed by the responsible activity. Authorized organizations include the officers' dining facility, post restaurant, and so forth. Itemize the sales and services rendered on the charge sales slips. Show related charges, such as surcharges and taxes, as separate items. Total original charge sales slips for each day's business and forward to the FAO/DAO.

25-6. Charge sales to non-Federal purchasers

a. The property officer will furnish four copies of the shipping document to the FAO/DAO having the collection responsibility, to establish the accounts receivable and bill the purchaser. The shipping documents will state "Reimbursement Required." When proceeds of a sale are received before or at the time of sale, the shipping document will state "Payment Included" or "Advance Payment Received." Each copy of the shipping document will show the contract or customer number, when applicable, name of purchaser if other than consignee, and the address of the collection office. Verify that the unit and total prices (including overhead charges, when applicable) are entered on the shipping documents.

b. Bill charge sales for supplies or services to authorized non-Federal purchasers based on a shipping or issue document. For certain sales specified in other regulations, billing and collection is done at the departmental (HQDA) level. This includes medical services to foreign government representatives.

25-7. Charge sales to Federal departments or agencies

Indicate charge sales to other Federal departments or agencies on the daily transfer summary. Include identification that the sale was made to another Federal department or agency, its name, billing

address, and the amount of sale. Bill charge sales to U.S. Government purchasers per Chapters 12, 33, and 34. If the charges are billed at departmental level, show on the daily transfer summary the agency to be charged. Include the amount and provide the notation "Charges to Other Federal Agencies, Transfer for Departmental Billing to (name and address of billing office)." Upon receipt of such documents, the FAO/DAO will promptly record and forward the bill to the proper departmental office for customer billing.

25-8. Information system sales

a. Daily, the Director of Information Management (DOIM) will provide the FAO/DAO with DA Form 1854-R. It shows charges to subscribers and changes in names, telephone numbers, rates, and so forth. Activities will show charges for connection or disconnection of phones separately by subscriber on the daily transfer summary. The DOIM will submit the originals of DD Form 1194 (Toll Ticket) with the daily transfer summary to the FAO/DAO. The DOIM will submit separate toll tickets for telegram charges.

b. The DOIM will give the FAO/DAO a chart of rates for installation, movement, and restoration of telephone service, including rate changes as they occur. The DOIM will compute charges for connection or disconnection of telephone. Billings for part of the month or billing cycle, refunds, or adjustments will be included. The DOIM will forward the summary with supporting documents to the FAO/DAO for processing.

c. The FAO/DAO will annotate advance payments for users of charge account telephone service or other communication facilities on the applicable daily transfer summary. The notation simplifies association of the advance payment with the accounts receivable when the summary and related documents are processed in the accounting system.

d. In order to simplify processing, the FAO/DAO will return toll tickets as soon as possible after posting charges to the statement of account. When the communications office does not require immediate return of the toll tickets, defer action until the bill is paid. The FAO/DAO will provide toll tickets to communication officers located at other offices when the tickets are required for inspection, review, or use, unless they have been returned to the local DOIM.

e. The FAO/DAO will establish and maintain DA Form 1854-R, the Flat Rate Charges and Credits section, on a perpetual basis for each class of telephone subscriber. This will serve as an inventory of phones in use and a basis for establishing orders for rate charges each month. At the beginning of each month, use the ending amount of the previous month to establish the amount for orders received. Use this form for Class B telephone systems within and outside the Continental United States.

f. Use DA Form 1857 to bill Class B telephone customers. See Chapter 12 for billing procedures.

g. Record cash collections for telephone and telegraph services not established as accounts receivable as cash sales.

h. Compute Federal, State, and local taxes according to Chapter 20. Class B telephone service (including flat rate and toll charges) provided for personal use is subject to taxes.

i. Do not charge Federal, State, and local taxes to the American National Red Cross, Federal Credit Unions, or the Army and Air Force Exchange and Motion Picture Service. Do not charge military dining facilities, and other activities that render services and facilities to U.S. Army installations. This includes book stores, motion picture theaters, and bowling alleys located on U.S. Government installations.

25-9. Repairs and utility services sales

Each month, activities will submit two copies of lists or schedules. They will show, by user, the utility units consumed, special charges for services or supplies, and amounts to be billed. Activities will submit these lists on DA Form 1854-R. Price utility sales to lessee according to DoD 7000.14-R, Volume 15 for FMS, and according to Chapter 37 for non-FMS.

25-10. Medical and dental facilities sales

a. Activities providing the service will bill and collect for medical, dental, and veterinarian services when authorized at the local level. This includes food in hospital dining facilities. AR 40-330 prescribes how to credit those collections to the funding appropriations and the miscellaneous receipt accounts. (See DA Pam 37-100-FY.) Amounts collected from third party payors (for example, private health insurers) will be credited to the medical facility account. These funds will be used to provide support and additional health care services within the direct care system.

b. The FAO/DAO will update the appropriate medical accounts based on statements reflecting sales, receivables, and collections received from the MSAO.

c. The MSAO identifies collections as charge sales, cash sales, or other. The MSAO will submit documents pertaining to accounts to be transferred to other stations for collection and delinquent accounts to be transferred to the FAO/DAO. They are transmitted under the cover of a DA Form 1854-R specifying the accounts, amount, and action to be taken. See Chapter 15 for procedures for delinquent medical accounts.

25-11. Sales of petroleum products

Deposit State taxes collected on the sales of petroleum products to the appropriate deposit fund suspense account 21X6875 (see DA Pam 37-100-FY). Disburse State taxes once a month. (See AR 710-2, Supply Policy Below the Wholesale Level.)

25-12. Self-service supply center sales to other than U.S. Army activities

At the end of each month or billing period, the self-service supply center (SSSC) will provide the FAO/DAO with DA Form 1854-R and related charge documents. The FAO/DAO will record the transactions, prepare and submit the billings, and collect the amounts due.

25-13. Certain statutory housing rentals

a. Sales include rent and utility charges from certain housing rentals from soldiers.

b. Service members placed in inadequate housing retain their basic allowance for quarters (BAQ). They are charged the fair market value for rent and cost of utilities. Service members will retain BAQ in excess of these charges. Collect rent and utility charges by payroll deduction offsetting BAQ. Credit collections to U.S. Army Family Housing (AFH) projects based on the project that incurred the cost.

c. For inadequate public quarters occupied by civilian employees, collect charges for basic rent either in cash or by payroll deduction. Credit collections to AFH projects based on the project that incurred the cost. Collect for utilities and related services in cash or check only and credit as a reimbursement to the family housing account.

d. Collect during appeal of increased rental rates as follows:

(1) Upon determining that the increased rental rates (established per AR 210-12, Establishment of Rental Rates for Quarters Furnished Federal Employees) will be appealed, the installation commander will notify the FAO/DAO. Collect from occupants of housing units at the increased rates beginning with the effective date of the increase.

(2) If action on the appeal results in a rate decrease, reduce orders and earnings and make cash refunds retroactively.

25-14. Disposition of proceeds from DoD sales of excess and surplus personal property

a. These procedures are applicable to proceeds resulting for sales of:

(1) Personal property governed by the Defense Disposal Manual, DoD 4160.21-M.

(2) Surplus U.S. Government-owned property in the possession of contractors as described in subpart 45.6 of the Federal Acquisition Regulation (FAR) and Defense FAR Supplement 245.610.

(3) Recyclable material governed by 10 USC 2577. Such materials would otherwise be sold as scrap or discarded as waste but can be reused after undergoing some type of physical or chemical processing. Qualified recyclable materials do not include--

(a) Precious metal-bearing scrap and those items that may be used again for their original purposes or functions without any special processing. For example, used vehicles, vehicle or machine parts,

bottles (not scrap glass), electrical components, and unopened containers of oil or solvents.

(b) Ships, planes, or weapons that must undergo demilitarization or mutilation prior to sale.

(c) Scrap generated from DBOF-DMA operations that has been routinely sold with the proceeds being used to offset customer costs.

(d) Bones, fats, and meat trimmings generated by a commissary store or exchange.

b. Bid deposits and subsequent payments received in connection with sales of excess and surplus personal property will be in cash, approved credit cards, and guaranteed negotiable instruments. Examples of the latter are cashier's checks, certified checks, traveler's checks, bank drafts, and postal telegraphic orders.

c. Personal checks may be accepted only when a bond or a bank letter of credit is on hand that will cover the amount due. Collect amounts due from the issuer of the bond or letter of credit for dishonored checks. If a bidder intends to use a bond or letter of credit without an accompanying personal check, the claim against the bond or letter of credit will be made for any amounts due. If personal checks are used, return the bond or letter of credit intact, after the applicable personal checks are honored unless other instructions are directed by the bidder.

d. Approved credit cards (Master Card and Visa) may be accepted for payment if the selling DoD component (for example, Defense Reutilization Marketing Service (DRMS)) has entered into an agreement with a network commercial bank. Currently, the U.S. Treasury has approved the use of "Master Card" and "Visa" cards. Except for equipment and communication costs, the U.S. Treasury pays any fees normally charged to sellers. If a credit card is used for the bid deposit and authorization is declined, the bid will be rejected as non responsive and other bidders considered.

e. A "Term Bid" is applicable when the sale involves scrap or disposable material that will be generated over time with periodic removal by the successful bidder. A term bid is a type of bid deposit. The amount of the bid deposit required to accompany such bids is the average estimated quantity of such materials to be generated during a 3-month period multiplied by 20 percent of the bid price. The calculation is illustrated as follows:

Estimated quantity of material to be generated	
each quarter (in pounds)	3,000
Bid price=\$1.00 per pound	X \$1.00
Subtotal	\$3,000
20 percent of bid price	X 20%
Amount to accompany bid	\$ 600

f. With the exception of term bids, payment in the amount of 20 percent of the bid will accompany the bid (see Table 25-1 for deposition).

g. Approve credit card charges as follows:

(1) Pass the credit card presented through DRMS's credit card swiper. The swiper is connected electronically with the network commercial bank, and keys are provided to enter the proposed charge amount. If the charge is approved, the swiper will provide an approval number. The DRMS will record the number on the charge slip.

(2) The bidder will sign a standard credit card charge form at the sales contract office. Return the customer's copy of the form to the card holder at that time and retain a copy as a record of the sale. At the close of each business day, DRMS electronically settles all daily transactions with the network commercial bank. On the following business day, DRMS will submit DD Form 1131 to the servicing FAO/DAO, supported by a copy of each credit card slip. DRMS will not hold transactions pending acceptance of the bid. Process DD Forms 1131 through the accounting system in the normal manner.

h. Deposit proceeds from the sale of disposable personal property promptly in the accounts as specified in Table 25-1. Reduce the use of suspense accounts to a minimum. Deposit the funds into the account to be credited with the proceeds of the sale if that account can be determined at the time funds are collected.

i. Account for and dispose of bid deposits from unsuccessful bidders as follows:

(1) Return guaranteed negotiable instruments to the bidders.

(2) Credit cash bid deposits to suspense account 21X6875 (see DA Pam 37-100-FY). Draw checks on that fund account to reimburse the unsuccessful bidders.

(3) Return noncash bids (for example, credit card transactions) as credits to the bidder's credit card account. Instructions for processing credit transactions are provided by the commercial network bank.

j. Deposit bids received from successful bidders and subsequent collections from such bidders to the accounts prescribed in Table 25-1.

25-15. Accounting for the proceeds of the sale of recyclable trash and waste material (10 U.S.C.A. 2577)

a. When a DoD component operates the recycling program, the following procedures apply:

(1) Deposit proceeds from the sale of recyclable material to "Budget Clearing Account (Suspense), U.S. Army" 21F3875.1111 (see DA Pam 37-100-FY). Identify the fiscal station and the name of the installation that is to receive the proceeds on DD Form 1131. Refer deposits that do not provide the necessary information formally (for example, in writing) to the property disposal cashier for the required information.

(2) Upon receipt of the sales proceeds, the FAO/DAO will mail a copy of DD Form 1131 to the

fiscal station shown on the collection voucher. The recipient fiscal station will use this advance copy to establish a receivable for the proceeds and for follow-up purposes as necessary. Use the copy of the collection voucher received through the TFO/TBO and cross-disbursing system to clear the undistributed collection. The FAO/DAO will report weekly transactions to the responsible fiscal station cited on the collection voucher. Collections will be reported within the same month in the Statement of Transactions (SOT) submitted to DFAS-IN (see Chapter 29). See Chapter 33 for TFO/TBO and cross-disbursing transactions procedures.

b. Credit proceeds from the sale of recyclable materials to funds available for operations and maintenance at that installation. Insure amounts are sufficient to cover the costs of operations, maintenance, and overhead for processing recyclable materials at the installation. Include the costs of any equipment purchased for recycling purposes. If, after such funds are credited and a balance remains available to a military installation, and that installation has a qualifying recycling program, then, not more than 50 percent of the remaining balance may be used at the installation for projects for pollution abatement, energy conservation, and occupational safety and health activities. A project may not be carried out under the preceding sentence for an amount greater than 50 percent of the amount established by law as the maximum amount for a minor construction project. The remaining balance available to a military installation (which may be more than 50% of the remaining funds after the credits previously described) may be transferred to the nonappropriated morale and welfare account of the installation. This amount may be used for any morale or welfare activity. If the balance available to an installation at the end of the fiscal year is in excess of \$2,000,000, transfer the amount of that excess to the U.S. Treasury miscellaneous receipt account. (See DA Pam 37-100-FY.)

25-16. Contractor retained proceeds

Contracting officers may allow a contractor to sell U.S. Government Furnished Property (GFP) and retain the proceeds from the sale. Use the following procedures to account for these retained proceeds:

a. The contractor making the sale may follow normal company policy with respect to bid deposits and form of payment. However, the contractor will be responsible for any loss associated with dishonored payments.

b. The Plant Clearance Officer (PLCO) is responsible for verifying collections. This is done by sales number or sales register when submitted as a reduction to monthly contractor bills. The PLCO will notify the FAO/DAO whether such collections will--

(1) Represent an increase in the dollar value of the applicable contracts.

(2) Be made in lieu of disbursements on the applicable contracts.

(3) Be returned to miscellaneous receipt account 97R2651 (Sales of Scrap and Salvage, Defense) (see DA Pam 37-100-FY). Identify the FAO/DAO for the contract by the fiscal station number provided in the accounting classification.

25-17. Transfer of excess DBOF-SMA-owned material

a. Terminate financial accountability for all excess DBOF-SMA material transferred to a property disposal activity on a nonreimbursable basis. This includes scrap and salvage material. HQDA retains the proceeds from sales of DBOF-SMA-owned excess material. This is true regardless of which DBOF-SMA division previously owned the material.

b. Property disposal officers will not issue DBOF-SMA type material to activities or individuals to meet requirements. Transfer material required to meet a recurring or non-recurring demand to the DBOF-SMA on a nonreimbursable basis. Issue of the material may be billed at a reduced price or the percentage rate used for turn-ins under the alternate credit policy.

25-18. Revenues from the sale or leasing out of DoD assets

a. *General.* This paragraph prescribes the procedures to account for and report revenues generated from the sale of DoD real property at non-BRAC (Base Realignment and Closure) Army, USAR, and ARNG installations, or the leasing out of real and personal property at all Army, USAR, and ARNG facilities. These procedures are effective beginning with FY 94 data.

b. *Reporting receipts.* Report receipts generated under this program in the special fund receipt accounts prescribed in DA Pam 37-100-FY. The limit field will be used to identify the type of transaction, type of property, and installation reporting the receipts. The acceptable limits are described in DA Pam 37-100-FY.

c. *Activities not located on active duty installations.* USAR and ARNG activities that are not located on an active duty military installation will manually track and report, to their respective headquarters, any revenues generated through this program. This will ensure that they receive any proceeds that they are entitled to.

d. *Distribution and use of funds.*

(1) The funds reported to the U.S. Treasury in these receipt accounts will be redistributed on a semi-annual basis. This distribution will occur during the first and third quarters of the following year.

(a) Fifty percent (50%) of the proceeds will be distributed to the installation that generated the revenues.

(b) Fifty percent (50%) of the proceeds will be distributed to the MACOMs based on the amounts generated by their installations.

(2) The Army Budget Office (ABO) will request these funds and distribute them to the appropriate MACOMs/installations on funding authorization/allowance documents.

(3) Public Law 101-510 restricts the use of these proceeds to facility maintenance and repairs and environmental restoration.

(4) The execution of this program will be controlled by using project codes shown in DA Pam 37-100-FY.

25-19. Agricultural and grazing leases

a. This paragraph prescribes the policies and procedures for accounting and reporting of proceeds and expenses incurred for agricultural and grazing leases. This includes leases at U.S. Army installations or facilities and Federally owned ARNG facilities.

b. Execute the leasing of U.S. Army lands for agricultural and grazing purposes to the maximum degree compatible with operation requirements. Include other multiple land uses. Use money from rentals of agricultural and grazing leases to promote this policy in amounts necessary to cover-

(1) Administrative expenses of leasing for such purposes.

(2) Financing of multiple land use management programs at any U.S. Army installation or facility and Federally-owned ARNG facility (AR 420-74, Natural Resources; Land, Forest, and Wildlife Management).

(3) Expenses associated with identifying, making available, and improving lands not currently leased for agricultural and grazing purposes.

(4) Expenses associated with improving land already leased for agricultural and grazing purposes so that increased rental value will be realized.

(5) Expenses associated with improving multiple land use management plans and programs that will contribute to future increased revenues. This includes land, water, fish, wildlife, forestry, outdoor recreation, and landscaping.

(6) Expenses for the maintenance, protection, repair, or restoration work on the leased land provided the following conditions are met:

(a) The type of work is eligible for accomplishment as an offset to cash rental (see AR 405-80, Granting Use of Real Estate). It could be included as a condition in the lease.

(b) Anticipated cash rental income from the lease is sufficient to fund the maintenance, protection, repair or restoration work.

(c) Accomplishment of the work by means other than as a lease cash rental offset is in the best interest of the U.S. Government.

c. Do not use revenues for capital improvements. These are normally provided for in the annual Military Construction Appropriation Acts. Also excluded are fish and wildlife projects financed by Wildlife

Conservation appropriation 21X5095 (see DA Pam 37-100-FY).

d. Expenditures will show a long-term benefit originating from the undertaking. For example, if the expenditure involves outleasing, benefits considered are savings of operating funds from lessee maintenance and improved land management through incorporation of conservation plans in leases. The U.S. Army Corps of Engineers (USACE) will perform periodic reviews. These reviews will confirm the soundness of, and identify any inadequacy in the original projections or estimated benefits.

e. Deposit all proceeds for agricultural and grazing leases to a centrally managed HQDA Budget Clearing Account (21F3875.3950) (see DA Pam 37-100-FY). The Chief of Engineers, USACE, as program manager, will monitor all proceeds received.

f. Disbursing offices will report proceeds collected on the monthly RCS CSCFA-302 report to DFAS-IN. DFAS-IN, Directorate for Departmental Accounting will provide Accounts Office 08 with a monthly listing, by DSSN, of collections reported on the RCS CSCFA-302 report. USACE will use the listing of collections by DSSN to monitor proceeds collected.

g. Provide funding to district and division engineering offices and installations or activities. Provide it on FADs/FAS documents as management targets for automatic reimbursements. Record orders received, only to the extent that MIPRs have been issued and accepted. These funds are for program administration, approved multi-land use management programs, and program management.

h. Report expenses on the RCS CSCFA-218 report for the OMA appropriation as automatic reimbursable expenses (see Chapters 29 and 30). Refer to DA Pam 37-100-FY for the correct AMSCOs reported by the USACE district and division offices, and by U.S. Army installations or facilities.

i. Report reimbursements on the RCS CSCFA-112/CSCOA-118 reports as "transferred for collection" in the "Reimbursements Collected-Automatic" column (see Chapters 29 and 30).

j. DFAS-IN will effect the transfer between the centrally managed DA suspense account and the operating appropriations. The amounts transferred for collection on the RCS CSCFA-112 and the RCS CSCAA-118 reports will be used.

k. USACE, as program manager, will review residual and unused balances in the centrally managed DA suspense account. This will be accomplished on a quarterly basis to assure that available funds are used to maximize operational programs.

l. USACE will include amounts in budget submissions for agriculture and grazing projects at Federally-owned ARNG facilities. This will justify the management target for the automatic reimbursable authority for this program. USACE (or designated district and division offices) will prepare and issue a

MIPR (DD Form 448) to the ARNG USPFO. It will include approved projects to be accomplished on Federally-owned ARNG facilities. The acceptance of the MIPR on DD Form 448-2 will provide funds to finance the projects specified. USPFOs will submit a copy of the accepted MIPR to the issuing office. This becomes the basis for obligating USACE funds.

m. USPFOs will prepare periodic billings as work is completed on specific projects. They will certify and forward SF 1080 billings to the servicing disbursing office. Process these SF 1080 bills as TFOs to the appropriate USACE office. USACE will liquidate their obligations based on processing the SF 1080 billings as a TBO. Based on expenses incurred, USACE will establish a reimbursable earning and accounts receivable for each MIPR issued to USPFOs. USACE will transfer the accounts receivable on their RCS CSCFA-112/RCS CSCAA-118 report, for the amounts associated with the orders, in the "Reimbursement Collected--Automatic" column. Identify the amounts transferred for collection by detail reimbursement source code, reference DA Pam 37-100-FY (for example, source code 934-Transfers for Collection-Agricultural and Grazing Lease Program).

n. Support of multiple land usage will be by programs or projects approved in the program and budget process. Classify all expenses incurred as "reimbursable expenses" except for unfunded military labor. Apply them to the reimbursable order established for each specific program or project. For unfunded military labor costs, identify and record in the official accounting records.

o. Charge expenses incurred at other levels (for example, HQDA, MACOM) to the AMSCO associated with their normal operations (see DA Pam 37-100-FY). These expenses include supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

25-20. Production and sale of forest products

a. These procedures apply to accounting and reporting for the proceeds from the production and sale of forest products at U.S. Army and Federally-owned ARNG installations or facilities. The objectives of this program are to provide for the enhancement of the military mission and integrated management of the total forest ecosystem.

b. Deposit proceeds from the sale of forest products into the U.S. Army General Fund Budget Clearing Account. This includes proceeds from forest products disposed of by the DRMS. Forest products include veneer logs, timber, pine straw, stumpwood, bark, mulch, cones, seeds, mistletoe, firewood, Christmas trees, sawlogs, chips, poles, piles, posts, and pulpwood. The products can be dead and down or designated standing timber.

c. Net proceeds are amounts received from the sale of forest products produced on a military installation

or facility, less expenses incurred for this production. These expenses include obligations incurred by installations or facilities for maintenance and management costs and charged to OMA, obligations for forest related equipment purchased with procurement funds (see sub-paragraph *t.*), and a proportionate share of obligations incurred by the District Engineer Offices.

d. Obligations incurred by U.S. Army installations or facilities and the District Engineer Offices will be directly related to the integrated management, production, and sale of forest products in the following functions:

(1) Forest Improvements. This is the improvement of an existing timber stand or forest, whether it is planted, seeded, or natural. This includes thinning, pruning, and controlling undesirable vegetative growth.

(2) Reforestation. This is natural or artificial regeneration, including planting, purchasing of seeds or seedlings, preparing sites, and controlling insects, diseases, vegetation, and animals.

(3) Forest Protection. This is the protection of a forest capable of economic production of forest products. It includes protection from fire, insect, disease, animal, flood, and erosion damage. It excludes similar protection of commercial forest land resulting from a military mission.

(4) Forest Access Roads. This is construction, reconstruction, repair, and maintenance of forest access roads and trails. It includes the repair of other roads resulting from the production and harvest operations.

(5) Sales. This is the sale and preparation for sale of forest products. It includes appraising, cruising, marking, scaling, preparing sales contracts, escorting prospective bidders, advertising, and sales administration. It also encompasses compliance inspections.

(6) Management. This is the management of the functions described above. It includes supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

(7) Forestry Equipment. These are obligations incurred to purchase forestry equipment (vehicles, minor equipment, and heavy equipment) used solely for the production or sale of forest products. (8)

Other. Apply obligations incurred above the installation or facility level on the basis of level of effort. Prorate to all installations or facilities involved in the forest products program. Maintain auditable records to reflect the distribution of these obligations. Include these obligations above the installation or facility level when calculating the 40 percent entitlement to States.

e. Program obligations do not include amounts for operations such as, the military mission, recreation, training, general area improvements, wildlife management, and beautification. While related to

land and forest, they are for other purposes. They, also, do not include the protection of forests incapable of economic production of timber products. Categorize program obligations at all levels according to the functions listed in paragraphs *d.*(1) through *d.*(8).

f. Reimbursable program authority will subsidize all obligations normally funded in appropriations available for operations and maintenance, minor construction, and the purchase of forestry equipment. Justify acquisitions on an economic or life cycle basis. Include as program expenses, amounts chargeable to the operations and maintenance appropriation for general equipment items used in forest operations.

g. Account for program obligations other than those for operations and maintenance and those for equipment purchased with procurement funds as program expenses. This includes obligations for military personnel services. These expenses are not reimbursable according to paragraph *f.* above.

h. Deposit all proceeds from sales of forest products to the appropriate budget clearing account (21F3875.3960) (see DA Pam 37-100-FY). Report proceeds on the RCS CSCFA-302 report (See Chapter 29 for reporting instructions). Deposit advances from contractors as unearned revenue in the same account as the unfilled orders to which the advance applies. Monthly, activities will transfer current month earnings from the unearned revenue to the deposit fund account.

i. DFAS-IN, Directorate of Accounting, Budget Execution and Reporting Division (DFAS-IN/AAB) will compute and provide 40 percent of the net proceeds to the appropriate States, and deposit the remaining 60 percent into the Forest Products Reserve Account.

j. District Engineer Offices and installations or facilities receive funding for reimbursable operations and maintenance expenses using management targets for automatic reimbursable authority. These targets are for obligations directly related to forest products disposal and forest management functions. Process requests for authority to finance forest production activity through the appropriate budget and funding channels. Coordination must include the appropriation manager within the Army Budget Office (ABO). This is to insure sufficient funding is requested to meet program needs.

k. Report obligations incurred as automatic reimbursable obligations on the RCS CSCFA-218 under the Operations and Maintenance, Army (OMA) appropriation. Report obligations incurred for items of equipment purchased with procurement appropriation funds on the RCS CSCFA-210 (Status of Customer Program Execution Report). See Chapters 29 and 30 for reporting instructions.

l. Report reimbursements earned on the RCS CSCFA-112/RCS CSCCA-118 reports as "Transferred for Collection" in the "Reimbursement

Collected-Automatic" column. Identify the amounts transferred by detail reimbursement source code. Identify the amount of reimbursements "Transferred for Collection" as a separate footnote on the RCS CSCFA-112/RCS CSCAA-118 reports. Report reimbursements for items of equipment financed with procurement funds on the RCS CSCFA-210 report. Bill and collect according to procedures outlined in Chapter 12. See Chapters 29 and 30 for reporting instructions.

m. The USACE determines and updates, as required, the total acreage by county and State for all U.S. Army installations or facilities participating in the DoD Forest Products Program. The USACE provides this data to DFAS-IN/AAB. DFAS-IN/AAB updates their files for determining States' entitlements. Acreage by county is the total acreage of the installation or facility, not just the acreage applicable to the forest products program.

n. The ABO and the USACE jointly review the U.S. Army's income and expense program, on a quarterly basis. They provide the results to the DoD Executive Agent 30 working days after the end of the quarter.

o. Installations, district engineering offices, and accounts offices/defense intermediate accounting offices will submit reports to meet reporting requirements. Submit quarterly analysis of actual income and expenses as part of the RCS CSCFA-218 report. See Chapters 29 and 30 for reporting instructions.

p. The Forest and Wildlife Conservation, Military Reservations Account (21X5285).

(1) Use balances in this account for the following:

(a) improvements of forest lands,

(b) unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner, and

(c) natural resources management projects that implement approved plans and agreements.

(2) Process transfers of moneys from this account by a "no check drawn" SF 1080. DFAS-IN will handle the transaction as a reverse collection. If moneys are transferred to agencies outside DoD or the U.S. Treasury, issue a check payment.

(3) Collection and disbursement of funds from this account are limited to DFAS-IN.

q. Funding and accounting procedures for funding approved natural resource projects at U.S. Army installations or facilities.

(1) Proceeds from forestry products sales may be used for approved natural resources management projects. Before funds are obligated, submit a memorandum to Director, Environmental Programs, ATTN: ENVR (Conservation), Office Chief of Engineers, 2600 Army Pentagon, Washington, DC 20310-2600, requesting approval of the project. Upon approval, ENVR (Conservation) will prepare a DD Form 448 citing Economy Act orders. Submit a copy to the requesting/ performing activity and

DFAS-Indianapolis Center, ATTN: DFAS-IN/AAB, 8899 East 56th Street, Indianapolis, IN 46249-1316.

(2) The requesting/performing activity will prepare a DD Form 448-2, accepting the MIPR on a reimbursable basis, and forward signed copies to ENVR (Conservation) and DFAS-IN/AAB. The requesting activity's reimbursable accounting citation must be on the DD Form 448-2.

(3) Upon receipt of the signed DD Form 448-2, DFAS-IN/AB will TFO the total amount of the MIPR from 21X5285 to the performing activity's reimbursable accounting citation using the method described in paragraph 25-20p(2).

(4) Upon receipt of the TBO, the performing activity will collect the transaction into the appropriation citing an unearned revenue project. As reimbursements are earned, transfer the amounts from the unearned revenue project to satisfy the accounts receivable. The remaining funds, after completion of the project must be returned to 21X5285, using TFO procedures. At the same time, prepare an amendment to the MIPR, and forward copies to ENVR (Conservation) and DFAS-IN/AB. At no time will the performing activity incur expenses in excess of the accepted MIPR.

r. Funding and accounting procedures for lumber and timber projects at Federally-owned ARNG facilities.

(1) The USACE will include amounts in their annual budget submission for lumber and timber projects at Federally-owned ARNG facilities to insure sufficient funding.

(2) The USACE or designated district offices will prepare and issue MIPRs (DD Form 448), to the appropriate ARNG USPFO for approved projects to be accomplished on Federally-owned ARNG facilities.

(3) The accepted MIPR will provide funds to finance the projects specified in the order. The USPFO will return the accepted MIPR to the issuing office. The issuing office will use this as the basis for obligating USACE funds.

(4) The USPFO will prepare billings when work on specific projects is completed. Bill and collect using "no check drawn" TFO/TBO procedures outlined in Chapter 33.

s. Funding and accounting procedures for natural resources management projects at DoD activities other than U.S. Army or Federally-owned ARNG facilities.

(1) Before funds are obligated, submit a memorandum to ENVR (Conservation), requesting approval of the project. Upon approval, ENVR (Conservation) will prepare a DD Form 448 citing Economy Act orders, and submit a copy to the requesting/ performing activity and DFAS-IN, ATTN: DFAS-IN/AAB, Indianapolis, IN 46249-1316.

(2) The requesting/performing activity will prepare a DD Form 448-2, accepting the MIPR on a reimbursable basis, and forward signed copies to

ENVR (Conservation) and DFAS-IN/AAB. The requesting activity's reimbursable accounting citation must be on the DD Form 448-2.

(3) Upon receipt of the signed DD Form 448-2, DFAS-IN/AAB will cross-disburse the total amount of the MIPR from account 21X5285 to the performing activity's reimbursable accounting citation using the method described in paragraph 25-20p(2).

(4) Upon receipt of the cross-disbursement, the performing activity will collect the transaction into the appropriation citing an unearned revenue project. As reimbursements are earned, transfer the amounts from the unearned revenue project to satisfy the accounts receivable. The remaining funds, after completion of the project, must be returned to 21X5285, using cross-disbursing procedures. At the same time, prepare an amendment to the MIPR, and forward copies to ENVR (Conservation) and DFAS-IN/AB. At no time will the performing activity incur expenses in excess of the accepted MIPR.

t. Funding and accounting procedures for equipment.

(1) The purchase of forestry equipment must be approved before funds can be obligated. Submit a memorandum requesting authority to purchase equipment to the USACE. The memorandum will include the cost and description of the equipment to be purchased. The USACE will return the approved request with a copy to the DFAS-IN.

(a) For items costing less than the procurement threshold, sufficient funding to execute the approved procurement action must be available for O&M procurement.

(b) For items meeting the procurement threshold:

1. After receiving the approved request, forward the procurement appropriation funded equipment request to the appropriate major end item manager. The item manager will follow normal reimbursable accounting processes as provided in this regulation. The management target is required in the procurement appropriation. Only the executable portion of the order will be established as the order received value.

2. The item manager will forward the approved request and a direct fund cite to the requesting installation or facility. Also provide a copy of the complete approval and funding package to the DFAS-IN, the USACE, and the fiscal station responsible for accounting for the procurement appropriation funds. Upon receipt of the direct fund cite, initiate action as authorized in the message. Provide appropriate documentation to the funded station to record commitments and obligations.

3. Upon delivery of the equipment, make pay-ment according to Chapter 20. Report disbursements to the funded station as a TFO.

4. Record reimbursable commitments, obligations, recoveries, accruals and disbursements on the basis of obligation and disbursement documents received from the installation authorized to purchase the equipment. Record reimbursable earnings based on

the accruals and disbursements. The funded station will prepare and submit monthly Status of Customer Program Execution Reports, RCS CSCFA-210, according to Chapters 29 and 30.

(5) The accountable station will bill DFAS-IN after recording the earning and establishing the receivable. Upon receipt of the bill, the DFAS-IN will validate its accuracy and process a transfer from account 21F3875.3960 into the procurement appropriation. The collection will be processed as a "no check drawn" TFO.

25-21. Fish and wildlife conservation program

a. This paragraph prescribes the policies and procedures for accounting and reporting for the fish and wildlife conservation program. It includes accounting for proceeds and expenses incurred at U.S. Army and Federally owned ARNG installations or facilities.

b. According to AR 215-2 and AR 420-74, collect fees from individuals for special State hunting, trapping, and fishing permits. Use collections realized on the installation from which collected for the protection, conservation, and management of fish and wildlife. This includes habitat improvement and related activities per AR 420-74. Include collections and expenditures in the annual budget submission (RCS: ENG 303) according to instructions provided by HQDA (reference, AR 420-74). These submissions must have DoD and OMB approval before obligations can be incurred.

c. Credit collections from individuals for special hunting and fishing permits to 21R5095, Sale of Hunting and Fishing Permits, Military Reservations (see DA Pam 37-100-FY). Process collection vouchers (DD Form 1131) in the normal manner. Report collections via the RCS CSCFA-302 report (reference, Chapter 29). See Chapter 6 for computing fund availability.

d. Revenues generated in the current year will remain available for obligation indefinitely. However, appropriation 21X5095 is subject to apportionment. Authority to obligate such funds is limited to the annual funding program or receipts or collections, whichever is less. Account for obligations and expenditures for 21X5095 in the same manner as for allotted funds.

e. Report receipts on the RCS CSCFA-302 report (reference, Chapter 29). Report all funding, obligations, and expenses incurred on the RCS CSCFA-218 report. See Chapters 29 and 30 for RCS CSCFA-218 reporting instructions.

25-22. Patent and royalty income

a. The Federal Technology Transfer Act of 1986 (PL 99-502) seeks to promote transfer of Federal technology. This is accomplished by authorizing U.S. Government laboratories to license their patents to the private sector on an exclusive basis, and also by authorizing U.S. Government inventors and Federal

laboratories to receive royalties and other income from these license agreements as incentives. A percentage of the royalties and other income from license agreements must be disbursed to the inventor. Most of the remainder may be used by the inventing U.S. Army Laboratory or Center. The final portion may be used by the other U.S. Army laboratories or centers for the purposes of technology transfer. Before this authority, all royalty income was deposited immediately into the general fund of the U.S. Treasury.

b. The DAO, USA Adelphi Laboratory Center (ALC) is the central point for receipt, disbursement, and transfer of royalty monies. The address is Commander, U.S. Army Laboratory Command, ATTN: DFAS-IN/EM/AZ, 2800 Powder Mill Road, Adelphi, MD 20783-1145.

c. The office of the Domestic Technology Transfer Program Manager (DTTPM) is the responsible office for administering the U.S. Army Technology Transfer program. The address for this office is Commander, USA Laboratory Command, Domestic Technology Transfer Program Manager, ATTN: AMSRL-CP-TT, 2800 Powder Mill Road, Adelphi, MD 20783-1145, DSN 290-4210, commercial (301) 394-4210.

d. Include instructions with all patent license agreements, current and future, that licensees are to send royalty checks directly to the DAO, ALC. Instructions also will state that royalties and other payments made will be due on October 1 payable by October 15 and on April 1 payable by April 15. Exceptions are initial payments when the agreement is made, or final payments. The DAO, ALC will deposit the royalty receipts to account 21F3875.3953 (Proceeds from Royalty Income). The DAO, ALC will disburse the monies to the patent holders and distribute the residual monies within 30 days from the date of receipt based on instructions from the DTTPM. Collections and disbursements from this deposit fund are restricted to FSN S18129.

e. The patent holders will receive the entire amount of income in equal shares if the royalty received is less than \$1,000 multiplied by the number of patent holders. If the income is greater than \$1,000 multiplied by the number of patent holders, the patent holders will share the greater of \$1,000 per patent holder or 20 percent of the total income divided by the number of patent holders. Payments of royalties to an employee will not exceed \$100,000 per year without Presidential approval (5 USC 4504).

Do not withhold taxes. Report income on Form 1099-MISC, Statement for Receipt of Miscellaneous Income). Patent holders are entitled to income derived by the U.S. Government starting October 20, 1986 (PL 99-502). This applies to royalties received from inventions since that date regardless of the date of the invention.

f. Distribute the residual monies with at least 80 percent going to the laboratory employing the inventor at the time the invention occurred. Distribute

the remainder to other laboratories within the research and development community.

g. The residual monies may be used for--

(1) Payment of expenses incidental to administration and licensing of inventions.

(2) Reward of scientific, engineering, and technical employees at that activity.

(3) Promotion of scientific exchange among other activities with the U.S. Army.

(4) Education and training of employees consistent with the research and development mission and objectives of the U.S. Army.

(5) Other activities that increase the licensing potential for transfer of the technology of the U.S. Army laboratory.

h. DTTPM will inform the Office of Research and Technology Applications (ORTA) of the receiving organization and the DAO, ALC of the amount of money to be received. The ORTA will provide to the DTTPM the appropriation in which the monies will be used (that is, basic symbol 2040, Research, Development, Test, and Evaluation). The DAO, ALC will prepare an SF 1080, on a TFO or TBO basis and forward to the addressee. Based on the receipt of the SF 1080, receiving organizations establish automatic reimbursable orders in the appropriation that will incur the obligations. The SF 1080 will state that the monies are from royalty income and will show the expiration date. Use of the monies will be according to 15 USC 3701, DOD 3200.12-R-4 (Domestic Technology Transfer Program Regulation), and AR 70-57 (Military-Civilian Technology Transfer). Record monies received initially as unearned income in project account 0980 (Royalty Income). Use reimbursement source code 0980 to record the earned reimbursements.

i. The DAO, ALC will distribute residual monies by check for U.S. Army Corps of Engineers laboratories funded by Civil funds. USACE provides accounting procedures for monies provided to Corps of Engineers Civil fund laboratories.

j. Year-end procedures for unfilled orders will be according to Chapter 28. Obligate residual monies in the fiscal year received or in the succeeding fiscal year. Transfer unobligated balances remaining after the succeeding fiscal year of initial receipt by the U.S. Government to miscellaneous receipt account 21R3210.0003.

25-23. Cash sales and other receipts

a. See Chapter 40 and DoD 7000.14-R, Volume 5 for documentation and reporting of cash sales and other receipts or collections resulting in revenue to the U.S. Government.

b. Account for cash overages as cash sales or collections and process per Chapter 40 and DoD 7000.14-R, Volume 5. Do not process cash overages as cash sales unless the cash overage is discovered before turn-in to the FAO/DAO. Process cash

overages discovered after turn-in as miscellaneous collections.

c. Upon receipt of an advance payment for supplies and services, voucher for payment per Chapter 40. Annotate advance payments for communication services on DA Form 1854-R.

25-24. Sales adjustments

When adjusting a customer's account, refer to the sales officer for action unless the adjustment is attributable to an error by the FAO/DAO. Annotate "adjustment" on charge sales slips, toll tickets, or memos. The original will support DA Form 1854-R.

Table 25-1. Disposition of amounts collected from successful bidders.

Type of property	Disposition of:	
	(20%) Bid Deposit	(80%) Remaining Balance
1. Scrap turned in by a DBOF-DMA activity.	DBOF (97X4930.AA**)	DBOF (97X4930.AA**)
2. Usable personal property purchased by and turned in by DBOF-DMA activities.	DBOF (97X4930.AA**)	DBOF (97X4930.AA**)
3. Excess items turned in by DBOF-SMA activities.	DBOF (97X4930.AC**)	DBOF (97X4930.AC**)
4. Property purchased with funds from the trust fund account 21X8420, "Surcharge Collections, Sales of Commissary Stores."	21X8420	21X8420
5. Automatic data processing equipment owned by the General Services Administration (GSA) and leased to the U.S. Army.	21F3875.1111	21F3875.1111 (see DA Pam 37-100-FY). Upon receipt of the entire amount due from the bidder, write a check on the suspense account and forward to the following address: General Services Administration, Office of Finance (WBCRC), Collections and Securities, 7th and I Streets, NW, Washington, DC 20407.
6. Pre-Military Assistance Program merger (pre-fiscal year (FY) 1982). Property issued under the Military Assistance Program (MAP) and returned as no longer needed, and all MAP-funded administrative property belonging to the Security Assistance Offices.	21(FY)1080.0007	21(FY)1080.0007 (see DA Pam 37-100-FY). All sales proceeds will be recorded as appropriation refunds. Collections will be transferred to Dept. 11 (Executive Office of the President) by DFAS-IN.
7. Coast Guard property under the physical control of the Coast Guard at the time of sale	21F3875.1111	21F3875.1111 (see DA Pam 37-100-FY). Upon receipt of the entire amount due from the bidder, write a check against the suspense account and forward to the U.S. Coast Guard at the following address: Commandant, U.S. Coast Guard, (GFAC), Washington, DC 20593.
8. Property owned by Nonappropriated Function Instrumentalities (NAFIs), excluding garbage suitable for animal consumption that is disposed of under a multiple-pickup contract.	21X6875.3860	21X6875.3860 (see DA Pam 37-100-FY). Upon receipt of the amount due from the bidder, write a check against the suspense and forward to the applicable NAFI.
9. Recyclable material [†]	21F3875.1111	21F3875.1111 (see DA Pam 37-100-FY). Upon receipt of the entire amount due from the bidder, deposit total proceeds to the accounts designated by the installation that gave the material up for disposal. Up to 50% of the proceeds, after operating expenses, may be used for pollution abatement, energy conservation, and occupational health projects. Any remaining amounts may be transferred to the installation MWR accounts.

Table 25-1. Disposition of amounts collected from successful bidders (continued)

Type of property	Disposition of:	
	(20%) Bid Deposit	(80%) Remaining Balance
10. Lost, abandoned, or unclaimed privately owned personal property.	97R2651	21X6001 (see DA Pam 37-100-FY). The owner(s) of lost, abandoned, or unclaimed property may claim 80% of the proceeds from the sale of that property within 5 years of the date of the sale by providing proof of ownership to the U.S. Government. After 5 years from the date of the sale, any unclaimed net proceeds shall be transferred from 21X6001 to general fund miscellaneous receipt 21R1060 (see DA Pam 37-100-FY). If the property is readily identifiable to members of other DoD components (for example, Navy, Marine Corps, or Air Force), credit to 17X6001 for Navy and Marine Corps, and 57X6001 for Air Force. Forward an advance copy of the collection voucher to the appropriate Services' finance center in addition to the weekly cross-disbursement cycle processing.
11. Property owned by a foreign country or international organization.	Installation Operation Maintenance appropriation of the DoD component that sells the property. (This is reimbursable for selling expenses.)	21X6875.3860 (see DA Pam 37-100-FY). Upon receipt of the entire amount due from the bidder, write a check for 80% of the sales price against the 21X6875.3860 account and forward to the applicable foreign country or international organization.
12. Scrap turned in by the U.S. Army Procurement Appropriations as a result of demilitarization of conventional ammunition.	21*2034	21*2034
13. All other property.	97R2651	97R2651.
14. U.S. Government furnished property sold by contractors.	See paragraph 18-14.	See paragraph 18-14.

Notes:

¹ 10 USC 2577 limits the amounts that can be held in 21F3875 at the end of any fiscal year resulting from the program to \$2 million. Amounts in excess of \$2 million are to be transferred to Miscellaneous Receipts of the U.S. Treasury. This instruction provides for immediate distribution of all sales proceeds received from the recycling program.